



**GLOBALIZATION'S WINNERS & LOSERS:
CHALLENGES FOR DEVELOPED
AND DEVELOPING COUNTRIES**

OCTOBER 1, 2013 – NOVEMBER 26, 2013

Course Syllabus

GeorgetownX

10/1/2013

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GLOBALIZATION'S WINNERS AND LOSERS: CHALLENGES FOR DEVELOPED AND DEVELOPING COUNTRIES

WHO ARE THE WINNERS AND LOSERS OF GLOBALIZATION? WHAT SHOULD BE DONE TO
IMPROVE OUTCOMES FOR ALL?

NOTE: The course will be archived for the following duration: *November 27, 2013-May 24, 2014*. No certificates will be issued for work completed after November 26, 2013.

LEAD FACULTY

Theodore H. Moran, Professor

Dr. Moran holds the Marcus Wallenberg Chair in International Business and Finance at the School of Foreign Service, Georgetown University, where he teaches and conducts research at the intersection of international economics, business, foreign affairs, and public policy. Dr. Moran is founder of the Landegger Program in International Business Diplomacy, and serves as Director.

GUEST LECTURERS

- *John Kline*
Professor of International Business Diplomacy in the School of Foreign Service, Georgetown University
- *Lindsay Oldenski*
Associate Professor in the International Business Diplomacy Program at the School of Foreign Service, Georgetown University
- *Scott Taylor*
Associate Professor and Director of the African Studies Program, Georgetown University
- *Kate McNamara*
Associate Professor of Government and Foreign Service and Director of the Mortara Center for International Studies, Georgetown University
- *Anna Maria Mayda*
Associate Professor of Economics at Georgetown University, with a joint appointment in the Department of Economics and the School of Foreign Service
- *Rodney Ludema*
Associate Professor at Georgetown University, with a joint appointment in the Department of Economics and the School of Foreign Service
- *Carl Dahlman*
Henry R. Luce Professor of International Relations and Information Technology, Georgetown University – position held till August 2013
- *William Plummer*
Vice President, External Affairs of Huawei North America

FACULTY SUPPORT TEAM

- *Rosaelena A. O'Neil, Course Manager*
Associate Director, Landegger Program in International Business Diplomacy, School of Foreign Service, Georgetown University
- *Emily C., Lead Teaching Assistant*
- *Caroline F., Teaching Assistant*
- *Christian H., Teaching Assistant*
- *Paul L., Teaching Assistant*

WHAT IS THE COURSE ABOUT?

This course will examine how the spread of trade, investment, and technology across borders affects firms, workers, and communities in developed and developing countries. It investigates who gains from globalization and who is hurt or disadvantaged by globalization. The course opens with difficult questions surrounding foreign direct investment in oil and minerals in the developing world, asking how to avoid corruption and dictatorship as part of the “resource curse.” It turns to sweatshop issues and the effort to build ever more sophisticated supply-chains in emerging markets. The course then shifts to the impact of globalization on developed countries, asking if developing country manufacturing exports come at the expense of workers in industrial states. The course concludes by allowing the participant to decide how to resolve the US budget deficit, and reform Social Security, so as to keep the US competitive in the world economy.

KEY QUESTIONS

- How can developing countries avoid the “resource curse”?
- What are some possible methods to deal with possible “sweatshop” abuses?
- How can emerging markets economies take advantage of supply chains from local firms into developed country markets?
- How might globalization contribute to wage inequality in developed countries?
- Should developed countries protect or promote manufacturing jobs?
- Is China becoming an economic “superpower”?
- Is the United States in economic decline?

WHAT DOES THE COURSE INCLUDE?

Each section of the course listed in the **Course Section Outline** below begins with an **Introduction** sub-section and ends with a **Conclusion & Looking Ahead** sub-section. In between these sub-sections, the topics are organized sequentially as they are related to each other. These topics (listed in the **Course Section Outline** below) include lectures highlighting key concepts that are summarized under the **Definition of Terms** menu item, knowledge checks, polls, and discussion activities. In addition to the topic-based activities, you may choose to work with your classmates to co-author country guides on globalization each week as part of the **Country Guides Activity**.

- The **Introduction** includes a weekly guide that lists the key questions to be addressed in that course section. It also lists the readings, which may be links to external website or PDF files. The weekly guide is then followed by Professor Moran's introduction of the section's topic under study.

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- The **Country Guides Activity** utilizes the course wiki that enables you to author and work collaboratively with your classmates on the development of country guides on globalization. The sub-section includes specific questions from Professor Moran that relate to the weekly topics. These questions are mapped to the Wiki structure and will not be managed by course staff.
- The **Conclusion & Looking Ahead** provides you with a listing of the key learning outcomes related to that particular section of the course. It features Professor Moran's summary of key points and considerations in relation to the topics addressed. In addition, this sub-section offers you the opportunity to ask clarifying questions that will be collected by course teaching assistants and answered by Professor Moran.

The overall course content outline follows. Note that numbered sections listed below are released on a weekly basis. These dates are listed next to each topic. For a complete listing of the weeks including list of key questions and readings, see [Appendix A](#).

COURSE SECTION OUTLINE

1. *Resource Curse & Sweatshops (Release: October 1, 2013)*
This section of the course explores issues related to the resource curse, sweatshops, and wages and in particular how the impact of these issues is felt throughout the world.
2. *Supply Chains, Trade & Investment (Release: October 8, 2013)*
This section of the course addresses the spread of trade, technology, and investment through foreign direct investment of firms in developing countries.
3. *Good Jobs, Bad Jobs & Wage Inequality (Release: October 15, 2013)*
This section of the course examines what classical and modern economic trade theory predicts about jobs and wage inequality compared to empirical evidence.
4. *Industrial Policy, Unfair Practices & Trade Deficits (Release: October 22, 2013)*
This section of the course focuses on identifying the causes of trade deficits and surpluses and the impact of industrial policies. The cases of Japan and China are explored.
5. *Inward FDI: Benefits, Costs & National Security Threats (Release: October 29, 2013)*
This section of the course analyzes some of the risks associated with globalization in relation to foreign-owned companies investing in developed countries, including the risk to national security.
6. *Outward FDI: Runaway Plants or Domestic Opportunities? (Release: November 5, 2013)*
This section of the course analyzes some of the risks associated with globalization in relation to outward foreign direct investment, research and development, offshoring, and outsourcing.
7. *Policies to Strengthen a Developed Country (Release: November 12, 2013)*
This section of the course analyzes and considers policies that developed countries could put into place to cushion the losses and spread the benefits of globalization.
8. *Course Wrap-up Week (November 19-26, 2013)*
This section of the course includes Professor Moran's video response regarding your questions from Week 7. You will also have the opportunity to submit any pending activities, if you are working toward a course certificate.

WHAT WILL I LEARN IN THE COURSE?

The course is designed to support you achieve the following **learning goals**.

- ☐ Understand concepts related to the resource curse and sweatshops, including external monitoring organizations, EITI, sweatshop abuses, agency, labor standards, gender issues, minimum wage versus living wage, and earned income tax credit.
- ☐ Articulate the elements of classic and modern trade theories, including comparative advantage, absolute advantage, opportunity cost, and intra-industry trade with product differentiation.
- ☐ Understand supply chains and the globalization of manufacturing and assembly.
- ☐ Understand the concepts of protectionism, collective action and free riders, wage inequality and skill-biased technological change, and the four trends in manufacturing in the developed world.
- ☐ Determine the causes of trade deficits and surpluses and the impact of industrial policies.
- ☐ Explain the impact of inward Foreign Direct Investment and foreign acquisitions of firms on National Security.
- ☐ Explain the dynamics of outsourcing and offshoring by multinationals and the relationship to jobs.
- ☐ Prescribe U.S. policies to remain competitive in a globalized world and ways to cushion the negative impact of globalization.

A Learning Checklist that organizes the learning goals above with the learning objectives for each of the course sections is available to you in [Appendix B](#) of this syllabus. Use this to help you determine what you are learning in the course.

WHAT SHOULD WE EXPECT FROM EACH OTHER?

WHAT YOU CAN EXPECT FROM PROFESSOR MORAN AND THE COURSE TEAM

Every week, Professor Moran will address the top 5 student questions in a video response which will be uploaded in the Course Info section of the course. Instructions for posting questions for Professor Moran are included in the Conclusion & Looking Ahead sub-sections. In addition, Teaching Assistants will regularly participate in discussion boards to provide content clarification, guidance, and support.

We will be providing regular updates and reminders in the Course Info page beyond Professor Moran's weekly video response to your questions.

WHAT YOU CAN EXPECT FROM EDX

In the event of a technical problem, you should click the "Help" tab located on the left border of the screen (Figure 1). This "Help" tab opens an instruction box that directs you to student FAQs for general edX questions. You can also:

- Report a problem
- Make a suggestion
- Ask a question

You may post technical problems to the "Technical" thread of the discussion board. Finally, you may also contact technical@edx.org directly to report bugs.

WHAT WE EXPECT FROM YOU

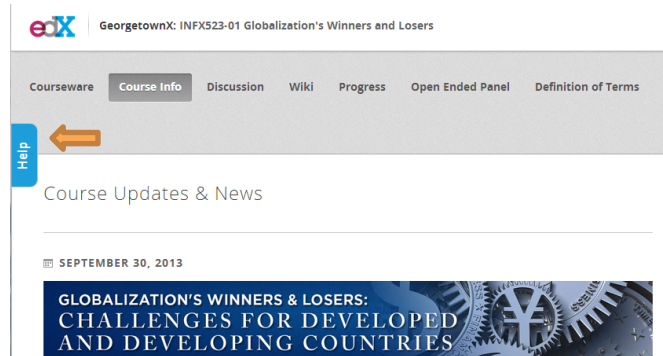


Figure 1: Screenshot with Help tab

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Active students should spend around five (5) hours per week to review assigned readings, watch weekly lectures, work through weekly knowledge checks and other activities, including the discussion threads and country guides on globalization wiki.

In each course section we have included activities to support you in reaching the specified learning objectives for that section. The graded activities are categorized as knowledge checks; these are the activities that are counted toward achieving the **certificate** for the course. They include:

- Multiple choice questions
- Multiple answer questions
- Fill in the blank questions with drop down options
- Self-assessment open response questions

To receive a course certificate, you must complete/submit all graded assignments by November 26 at 9:00 EDT/13:00 UTC and receive a score of 75% or higher.

In addition to the graded knowledge check activities listed above, we have included in each section activities that enable you to explore the subject matter deeper. These include:

- Discussion questions
- Polling questions
- A weekly collaborative country guides activity utilizing the course wiki.

All activities included in the course are designed to help you gauge your learning as a result of your interaction with the course content both from the video lectures and readings. Instructions on how to complete the activities are included within each course section.

WEEKLY TIMELINE

The due dates for submission for all activities are listed in each course section. Since the course opens on October 1 (Tuesday), our weeks are from Tuesday to Monday. Take a look at our suggested path below for engaging with the course on a weekly basis.

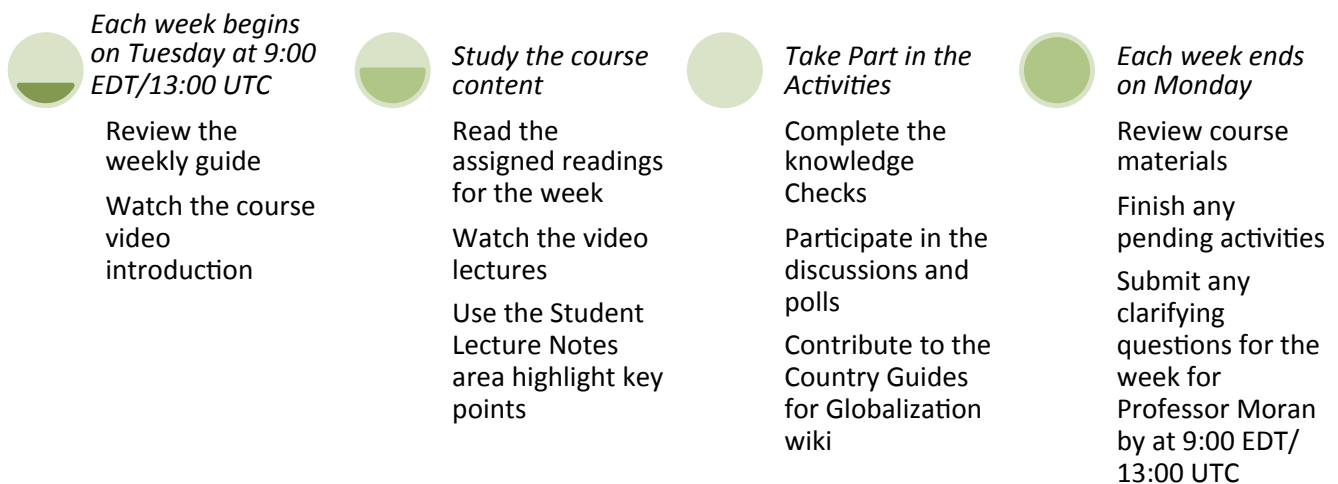


Figure 2: Suggested weekly engagement

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NETIQUETTE GUIDELINES

Please be respectful

To promote the highest degree of education possible, we ask each student to respect the opinions and thoughts of other students and be courteous in the way that you choose to express yourself. Globalization topics are often controversial and promote debate. INFX-523 students should be respectful and considerate of all opinions.

In order for us to have meaningful discussions, we must learn to really try to understand what others are saying and be open-minded about others' opinions. If you want to persuade someone to see things differently, it is much more effective to do so in a polite, non-threatening way rather than to do so antagonistically. Everyone has insights to offer based on his/her experiences, and we can all learn from each other. Civility is essential.

Look before you write

Prior to posting a question or comment on the discussion board, the Georgetown course team asks that you look to see if any of your classmates have the same question. Upvote questions that are similar to your own or that are also of interest to you, instead of starting a new thread. This will greatly help our Georgetown TAs best monitor the discussions and bring important questions to Professor Moran's attention.

Use the discussion board for course-related posts only

While we encourage students to get to know each other, please use the discussion board as a for course content conversations only.

Properly and promptly notify us of technical issues

While we do not predict technical issues, they can and may happen. To make sure these receive prompt attention, post details about any technical issues directly on the "Technical" discussion thread or email technical@edx.org directly.

ACADEMIC INTEGRITY

Observe edX and GeorgetownX's honor policies

While collaboration and conversation will certainly contribute to your learning in the course, we ask students to refrain from collaborating with or consulting one another on any graded material for the course. Violations of the honor policy undermine the purpose of education and the academic integrity of the course. We expect that all work submitted will be a reflection of one's own original work and thoughts.

GeorgetownX faculty and staff expect all members of the community to strive for excellence in scholarship and character.

APPENDIX A: DETAILED COURSE SECTION OUTLINE

1. RESOURCE CURSE & SWEATSHOPS (RELEASE: OCTOBER 1, 2013)

This section of the course explores issues related to the resource curse, sweatshops, and wages and in particular how the impact of these issues is felt throughout the world.

KEY QUESTIONS:

- ☐ What are the pros and cons of globalization in developed and developing countries?
- ☐ What are the issues surrounding transparency and accountability within extractive industries?
- ☐ What can be done to prevent sweatshop abuses in low-wage, low-skill activities in emerging markets?
- ☐ What factors determine how much a worker earns?
- ☐ What effects do foreign-controlled supply chains have on low-skilled workers' employment and wages?
- ☐ How does globalization affect firms, workers, and communities in developed and developing countries?

REQUIRED READINGS

(All Readings are available in the course itself as part of the weekly Guide within the Introduction sub-section or under Readings in the main top menu of the course.)

- ☐ The entire web page introduction to Extractive Industries Transparency Initiative and watch the two introductory films
(“What is the EITI?” Extractive Industry Transparency Initiative, 2013. <http://eiti.org/eiti>)
- ☐ Chapters 1 and 2 from Ted Moran's Foreign Direct Investment and Development.
(Moran, Theodore H. Foreign Direct Investment and Development: Launching a Second Generation of Policy Research: Avoiding the Mistakes of the First, Reevaluating Policies for Developed and Developing Countries. Washington, D.C.: Peterson Institute for International Economics, 2011. Ch. 1, 2.)
- ☐ Chapters 2, 3, 4, and 6 from Ted Moran's Beyond Sweatshops.
(Moran, Theodore H. Beyond Sweatshops: Foreign Direct Investment and Globalization in Developing Countries. Washington, D.C.: Brookings Institution, 2002).
- ☐ Chapters 1 (pages 1-16) and 3 and pages 49-71 from Gary Clyde Hufbauer and Kati Suominen's Globalization at Risk: Challenges to Finance and Trade.
(Hufbauer, Gary Clyde., and Kati Suominen. Globalization at Risk: Challenges to Finance and Trade. New Haven: Yale UP, 2009. Print. Ch. 1 (1-16), 3, p49-71.)
- ☐ Read the labor standards section from the International Labour Organization website.
(“Labour Standards.” International Labour Organization, Web. <http://www.ilo.org/global/standards/lang-en/index.htm>)

2. SUPPLY CHAINS, TRADE & INVESTMENT (RELEASE: OCTOBER 8, 2013)

This section of the course addresses the spread of trade, technology, and investment through foreign direct investment of firms in developing countries.

KEY QUESTIONS:

- ☐ Does the growth of manufacturing and assembly in emerging markets come at the expense of growth, welfare, and jobs in developed countries?
- ☐ What is the difference between absolute and comparative advantage?
- ☐ What can classical theories of comparative advantage and modern theories of trade and investment tell us about whether globalization is a zero-sum phenomenon between developing and developed countries?
- ☐ How do developing countries participate in ever more sophisticated supply chains into developed country markets?
- ☐ How do developing countries create backward linkages from foreign investors to local firms, with more value added at home?

REQUIRED READINGS

(All Readings are available in the course itself as part of the weekly Guide within the Introduction sub-section or under Readings in the main top menu of the course.)

- ☐ **Wikipedia entry on Comparative Advantage** (WIKIPEDIA, s.v. "Comparative Advantage," last modified July 2, 2013, http://en.wikipedia.org/wiki/Comparative_Advantage)
- ☐ **Wikipedia entry on Absolute Advantage** (WIKIPEDIA, s.v. "Absolute Advantage," last modified July 2, 2013, http://en.wikipedia.org/wiki/Absolute_Advantage)
- ☐ **Wikipedia entry on Ricardian Model** (WIKIPEDIA, s.v. "Ricardian Economics," last modified July 2, 2013, http://en.wikipedia.org/wiki/Ricardian_Model)
- ☐ **Wikipedia entry on David Ricardo, section on "Trade theory and policy"** (WIKIPEDIA, s.v. "David Ricardo," last modified July 2, 2013, http://en.wikipedia.org/wiki/David_Ricardo)
- ☐ **Paul Krugman's article "Ricardo's Difficult Idea"** (Krugman, Paul. "Ricardo's Difficult Idea." MASSACHUSETTS INSTITUTE OF TECHNOLOGY)
- ☐ **Wikipedia entry on "Heckscher-Ohlin Theorem"** (WIKIPEDIA, s.v. "Heckscher-Ohlin Theorem," accessed April 18, 2013, http://en.wikipedia.org/wiki/Heckscher%E2%80%93Ohlin_theorem)
- ☐ **Press Release on "The Nobel Prize in Economics 2008"** (THE ROYAL SWEDISH ACADEMY OF SCIENCES, Nobelprize.org, 13 October 2008, http://www.nobelprize.org/nobel_prizes/economics/laureates/2008/press.html)
- ☐ **Marc Melitz's article "International trade and heterogeneous firms"** (Melitz, Marc J., "International trade and heterogeneous firms," *The New Palgrave Dictionary of Economics*, 2: 2008; Steven N. Durlaf and Lawrence E. Blume, eds. http://www.dictionaryofeconomics.com/article?id=pde2008_I000302&q=melitz&topicid=&result_number=1)
- ☐ **Gene Grossman and Esteban Rossi-Hansberg's article "Trading Tasks: A Simple Theory"** (Grossman, Gene and Esteban Rossi-Hansberg, "Trading Tasks: A Simple Theory of Offshoring," *AMERICAN ECONOMIC REVIEW* 2008, 98:5, 1978-1997, <http://www.princeton.edu/~erossi/TT.pdf> .)
- ☐ **Review Chapters 1 and 3 from Gary Hufbauer and Kati Suominen's GLOBALIZATION AT Risk** (Gary Hufbauer and Kati Suominen. 2009. *GLOBALIZATION AT RISK: CHALLENGES TO FINANCE AND TRADE*. Chapter 1. pp. 1-16, Chapter 3, pp. 49-71.)
- ☐ **Review Chapters 1 and 2 from Ted Moran's Foreign Direct Investment and Development** (Theodore H. Moran. 2011. *Foreign Direct Investment and Development: Launching a Second Generation of Policy Research*. Ch.1, 2.)
- ☐ **Chapter 3 from J. Bradford Jensen's Global Trade in Services: Fears, Facts, and Offshoring** (J. Bradford Jensen. 2012. *Global Trade in Services: Fear, Facts, and Offshoring*. Washington, DC: Peterson Institute for International Economics, ch. 3.)
- ☐ **J. David Richardson and Karin Randal's Why Exports Matter: More!** (J. David Richardson and Karin Randal, *Why Exports Matter: More!* (Institute for International Economics, 1996).)
- ☐ **Scott Bradford, Paul Grieco, and Cary Clyde Hufbauer's article "The Payoff to America from Global Integration"** (Scott C. Bradford, Paul L. E. Grieco, and Cary Clyde Hufbauer, "The Payoff to America from Global Integration" in C. Fred Bergsten and the Institute for International Economics, *The United States and the World Economy: Foreign Economic Policy for the Next Decade* (Institute for International Economics, 2005).)

3. GOOD JOBS, BAD JOBS & WAGE INEQUALITY (RELEASE: OCTOBER 15, 2013)

This section of the course examines what classical and modern economic trade theory predicts about jobs and wage inequality compared to empirical evidence.

KEY QUESTIONS:

- ☐ How does the importance of manufacturing jobs compare to other kinds of jobs in developed economies?
- ☐ What do standard trade models predict about the impact of trade liberalization on wage inequality?
- ☐ What are the limitations to the models in relation to empirical evidence?
- ☐ What is skill-biased technological change?
- ☐ Does trade liberalization lead to an increase in total employment, a decrease in total employment, or neither?
- ☐ Why should the impact of trade and foreign direct investment liberalization be evaluated on the basis of the quality of jobs (i.e., jobs with higher compensation) rather than on the number of jobs?
- ☐ What is the impact of trade expansion on the kinds of jobs in the economy?
- ☐ What is the impact of trade liberalization on wages?

REQUIRED READINGS

(All Readings are available in the course itself as part of the weekly Guide within the Introduction sub-section or under Readings in the main top menu of the course.)

- ☐ Ernest Hollings's article "Protectionism Happens to Be Congress's Job"(Hollings, Ernest. "Protectionism Happens to Be Congress's Job." The Washington Post. N.p., 21 Mar. 2004. Web. 23 May 2013. <http://news.google.com/newspapers?nid=2482&dat=20040329&id=vJRIAAAIBAJ&sjid=pAkNAAAIBAJ&pg=4675,5887463>)
- ☐ Wikipedia on "Collective Action" "Collective Action." Wikipedia. Wikimedia Foundation, 23 May 2013, http://en.wikipedia.org/wiki/Collective_action#In_political_science_and_economics)
- ☐ Elizabeth Becker's article "In Glare of Politics, Bush Weighs Fate of Tariffs on Steel" (Becker, Elizabeth, "In Glare of Politics, Bush Weighs Fate of Tariffs on Steel." The New York Times. N.p., 20 Sept. 2003. Web. 23 May 2013. (<http://www.nytimes.com/2003/09/20/business/in-glare-of-politics-bush-weighs-fate-of-tariffs-on-steel.html>)
- ☐ Eric Fisher's article "Why Are We Losing Manufacturing Jobs" (Fisher, Eric, "Why Are We Losing Manufacturing Jobs." The Federal Reserve Board of Cleveland. N.p., July 2004. Web. 22 May 2013. <http://www.clevelandfed.org/research/commentary/2004/July04.pdf> .)
- ☐ Christina Romer's article "Do Manufacturers Need Special Treatment?" (Romer, Christina D. "Do Manufacturers Need Special Treatment?" The New York Times.05 Feb. 2012. Web. 23 May 2013. http://www.nytimes.com/2012/02/05/business/do-manufacturers-need-special-treatment-economic-view.html?_r=0)
- ☐ Michael Spence and Sandile Hlatshwayo's article "The Evolving Structure of the American Economy and the Employment Challenge." (Spence, Michael, and Sandile Hlatshwayo. "The Evolving Structure of the American Economy and the Employment Challenge." Council on Foreign Relations.N.p., 2011. Web. 22 May 2013)
- ☐ Rich Motoko and David Maxwell's article "Jobs Go Begging As Gap Is Exposed In Worker Skills (Motoko Rich and David Maxwell. The New York Times.02 July 2010. Web. 22 May 2013. http://www.nytimes.com/2010/07/02/business/economy/02manufacturing.html?_r=0)
- ☐ Eric Fisher's article "The Economic Report of the President 1996" ("The Economic Report of the President 1996." US Government Printing Office. N.p., 1996. Web. 22 May 2013. http://www.presidency.ucsb.edu/economic_reports/1996.pdf .)
- ☐ Bob Herbert's article "The Economic Report of the President 1996" (Herbert, Bob. "In America; Nafta's Bubble Bursts." The New York Times. 11 Sept. 1995. Web. 22 May 2013. <http://www.nytimes.com/1995/09/11/opinion/in-america-nafta-s-bubble-bursts.html>)
- ☐ Article "North American Free Trade Agreement (NAFTA)" ("North American Free Trade Agreement (NAFTA)." Office of the United States Trade Representative. N.p., n.d. Web. 22 May 2013. <http://www.ustr.gov/trade-agreements/free-trade-agreements/north-american-free-trade-agreement-nafta>)

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- ☐ Article "New ILO Report Says US Leads the World in Labour Productivity, Some Regions Are Catching Up, Most Lag behind." ("New ILO Report Says US Leads the World in Labour Productivity, Some Regions Are Catching Up, Most Lag behind." International Labor Organization. N.p., n.d. Web. 22 May 2013. http://www.ilo.org/global/about-the-ilo/media-centre/press-releases/WCMS_083976/lang--en/index.htm)
- ☐ Ben Bernanke's article "The Level and Distribution of Economic Well-Being" (Bernanke, Ben S. "The Level and Distribution of Economic Well-Being." The Federal Reserve Board. N.p., 6 Feb. 2007. Web. 22 May 2013. <http://www.federalreserve.gov/newsevents/speech/bernanke20070206a.htm>)
- ☐ Duncan Moore's article "No Rust in Rochester" (Moore, Duncan T. "No Rust in Rochester." The New York Times. N.p., 2 Feb. 2012. Web. 22 May 2013. <http://www.nytimes.com/2012/02/03/opinion/rochesters-survival-lessons.html>)
- ☐ Conor Dougherty's article "Recipe for Middle-Class Jobs" (Dougherty, Conor. "Recipe for Middle-Class Jobs." The Wall Street Journal. N.p., 29 Nov. 2011. Web. 22 May 2013. <http://online.wsj.com/article/SB10001424052970204753404577066470694261462.html>)
- ☐ Lawrence Edwards and Robert Lawrence's Rising Tide (Edwards, Lawrence, and Robert Z. Lawrence. Rising Tide. "Is Trade Increasing Wage Inequality?" Washington, DC: Peterson Institute for International Economics, 2013. Print.)
- ☐ KRUGMAN, PAUL R.; OBSTFELD, MAURICE, INTERNATIONAL ECONOMICS: THEORY AND POLICY, 7th Edition, 2006, pp. 69-70, 277-297. Reprinted by the permission of Pearson Education, Inc., Upper Saddle River, NJ.
- ☐ Robert Lawrence's Single World, Divided Nations?(Lawrence, Robert Z. Single World, Divided Nations?: International Trade and OECD Labor Markets. Washington, D.C.: Brookings Institution, 1996. Print. Excerpts)
- ☐ David Lightman, Margaret Talev, and William Douglas's article "Obama Slips on NAFTA Banana Peel as Clinton Hammers Him" (Lightman, David, Margaret Talev, and William Douglas. "Obama Slips on NAFTA Banana Peel as Clinton Hammers Him." McClatchy DC.N.p., 3 Mar. 2008. Web. 01 Aug. 2013. <http://www.mcclatchydc.com/2008/03/03/29283/obama-slips-on-nafta-banana-peel.html>)

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4. INDUSTRIAL POLICY, UNFAIR PRACTICES & TRADE DEFICITS (RELEASE: OCTOBER 22, 2013)

This section of the course focuses on identifying the causes of trade deficits and surpluses and the impact of industrial policies. The cases of Japan and China are explored.

KEY QUESTIONS:

- ☐ What is the impact of trade and foreign direct investment liberalization on the number of jobs in the economy?
- ☐ What are the causes of a balance of payments, deficit, or surplus?
- ☐ What are ways a country can use to correct a deficit?
- ☐ What happens to the trade deficit of a country when there is a decline in a country's currency?
- ☐ What happens to the trade deficit of a country when there are unfair trade practices by one of the countries?
- ☐ What are the pros and cons of industrial policy, sophisticated industrial policy, and strategic trade policy?

REQUIRED READINGS

(All Readings are available in the course itself as part of the weekly Guide within the Introduction sub-section or under Readings in the main top menu of the course.)

- ☐ Gagnon, Joseph E. "Currency Manipulation: It's Not Just China." *Peterson Institute of International Economics*. N.p., 17 July 2012. Web. 23 May 2013. <http://www.iie.com/publications/interviews/pp20120717gagnon.pdf>.
- ☐ Reich, Robert. "Who Is Us?" *Harvard Business Review*. N.p., Jan. 1990. Web. 27 June 2013. <http://hbr.org/1990/01/who-is-us/ar/1>. (Article Preview)
- ☐ Moran, Theodore H. *Foreign Manufacturing Multinationals and the Transformation of the Chinese Economy: New Measurements, New Perspectives*. Peterson Institute for International Economics. Working Paper
- ☐ Krugman, Paul R., and Maurice Obstfeld. *International Economics: Theory and Policy*. Boston, MA: Addison-Wesley, 2006. Print. Ch. 12 "Industrial Policy in Advanced Countries."
- ☐ Dahlman, Carl. *The World Under Pressure*. Palo Alto: STANFORD UP, 2012. Print. Ch. 3, 4, 5 only
- ☐ Moran, Theodore H. "What Policies Should Developing Country Governments Adopt toward Outward FDI? : Lessons from the Experience of Developed Countries." *The Rise of Transnational Corporations from Emerging Markets: Threat or Opportunity?* Ed. Karl P. Sauvant. Cheltenham: Edward Elgar, 2009. N. pag. Print

5. INWARD FDI: BENEFITS, COSTS & NATIONAL SECURITY THREATS (RELEASE: OCTOBER 29, 2013)

This section of the course analyzes some of the risks associated with globalization in relation to foreign-owned companies investing in developed countries, including the risk to national security.

KEY QUESTION:

- ☐ Within the context of developed countries, what is the impact of inward foreign direct investment? And foreign acquisitions of firms on national security?

REQUIRED READINGS

- ☐ Moran, Theodore H., and Lindsay Oldenski. 2013 (forthcoming). *Foreign Direct Investment in the United States: Benefits, Suspensions, and Risks with Special Attention to FDI from China*. Policy Analyses in International Economics 100. Washington: Peterson Institute for International Economics.

6. OUTWARD FDI: RUNAWAY PLANTS OR DOMESTIC OPPORTUNITIES? (RELEASE: NOVEMBER 5, 2013)

This section of the course analyzes some of the risks associated with globalization in relation to outward foreign direct investment, research and development, offshoring, and outsourcing.

KEY QUESTIONS:

- ☐ Within the context of developed countries, what is the impact of outward foreign direct investment? What about the globalization of research and development?
- ☐ What is offshoring? What is outsourcing?
- ☐ How can we compare offshoring to other trade processes?

REQUIRED READINGS

- ☐ Hufbauer, Gary, and Theodore Moran and Lindsay Oldenski. *Outward FDI, US Exports, US Jobs, and US R&D: Implications for US Policy*. The Peterson Institute for International Economics
- ☐ Jensen, J. Bradford. *Global Trade in Services: Fear, Facts, and Offshoring*. Washington, DC: Peterson Institute for International Economics, 2012. Print. (Overview Conclusion)

7. POLICIES TO STRENGTHEN A DEVELOPED COUNTRY (RELEASE: NOVEMBER 12, 2013)

This section of the course analyzes and considers policies that developed countries could put into place to cushion the losses and spread the benefits of globalization.

KEY QUESTIONS:

- ☐ What policies do you recommend for adoption for the United States to benefit fully from the globalization of trade, investment, and technology, and dampen the costs, cushion, compensate, and retrain the losers?
- ☐ What are some policies that could make a country more competitive?

REQUIRED READINGS

OCTOBER 1, 2013 – NOVEMBER 26, 2013

- ☐ Altman, Daniel. "To Reduce Inequality, Tax Wealth, Not Income." *The New York Times*. The New York Times, 19 Nov. 2012. Web. 23 May 2013. <http://www.nytimes.com/2012/11/19/opinion/to-reduce-inequality-tax-wealth-not-income.html>
- ☐ Brooks, David. "The Wrong Inequality." *The New York Times*. The New York Times, 01 Nov. 2011. Web. 23 May 2013. <http://www.nytimes.com/2011/11/01/opinion/brooks-the-wrong-inequality.html>
- ☐ Deparle, Jason. "Harder for Americans to Rise From Economy's Lower Rungs." *The New York Times*. The New York Times, 05 Jan. 2012. Web. 23 May 2013. <http://www.nytimes.com/2012/01/05/us/harder-for-americans-to-rise-from-lower-rungs.html?pagewanted=all>
- ☐ Diamond, Peter, and Emmanuel Saez. 2011. "The Case for a Progressive Tax: From Basic Research to Policy Recommendations." *Journal of Economic Perspectives*, 25(4): 165-90. Available online at: <http://www.aeaweb.org/articles.php?doi=10.1257/jep.25.4.165>
- ☐ "Ensuring That Student Loans Are Affordable." *The White House*. N.p., n.d. Web. 27 June 2013. <http://www.whitehouse.gov/issues/education/higher-education/ensuring-that-student-loans-are-affordable>.
- ☐ Huang, Chye-Ching. "Center on Budget and Policy Priorities." *Impact of Estate Tax on Small Businesses and Farms Is Minimal Almost No Small Business and Farm Estates Owe the Tax; Those That Do Owe Only Modest Amounts*. N.p., 23 Feb. 2009. Web. 23 May 2013.
- ☐ Katz, Lawrence F. "How to Bring the Jobs Back: Invest in Workers." *The New York Times*. 07 Sept. 2011. Web. 23 May 2013.
- ☐ Kletzer, Lori G. "Reforming US Labor-Market Adjustment Programs to Better Assist US Workers." *The United States and the World Economy: Foreign Economic Policy for the next Decade*. By C. Fred Bergsten. Washington, DC: Institute for International Economics, 2005. Print.
- ☐ Richardson, J. David. "Uneven Gains and Unbalanced Burdens? Three Decades of American Globalization." *The United States and the World Economy: Foreign Economic Policy for the next Decade*. By C. Fred Bergsten. Washington, DC: Institute for International Economics, 2005. Print.
- ☐ Romer, Christina D. "Cutting The Deficit, With Compassion." *The New York Times*. The New York Times, 09 Sept. 2012. Web. 23 May 2013. <http://www.nytimes.com/2012/09/09/business/cutting-the-deficit-compassionately-economic-view.html>
- ☐ Rosen, Howard F. "Trade Adjustment Assistance Works!" *Peterson Institute of International Economics*. N.p., 19 Sept. 2011. Web. 23 May 2013. <http://www.piie.com/blogs/realtime/?p=2376>

APPENDIX B: LEARNING CHECKLIST

This guide lists the learning goals and objectives for each section of the *GeorgetownX Globalization's Winners and Losers: Challenges for Developed and Developing Countries* course (October 1 - November 26, 2013). Use this guide as your own learning checklist while engaging with the course.

THE RESOURCE CURSE & SWEATSHOPS – WEEK 1: OCTOBER 1-7

- ☐ **Understand concepts related to the resource curse and sweatshops, including external monitoring organizations, EITI, sweatshop abuses, agency, labor standards, gender issues, minimum wage versus living wage, and earned income tax credit.**
 - ☐ Identify the pros and cons of globalization in developed and developing countries
 - ☐ Recognize how globalization affects firms, workers, and communities in developed and developing countries
 - ☐ Describe the issues in relation to transparency and accountability within the scope of the extractive industry
 - ☐ Identify what can be done to prevent “sweatshop abuses” from foreign investment and trade in low-wage, low-skill activities in emerging markets
 - ☐ Explain what effects foreign-controlled supply chains have on low skilled workers’ employment and wages
 - ☐ Identify the factors that determine how much a worker earns

SUPPLY CHAINS, TRADE & INVESTMENT – WEEK 2: OCTOBER 8-14

- ☐ **Articulate the elements of classic and modern trade theories, including comparative advantage, absolute advantage, opportunity cost, and intra-industry trade with product differentiation.**
 - ☐ Differentiate between absolute advantage and comparative advantage in the contemporary era
 - ☐ Determine what traditional theories of comparative advantage and newer theories of trade-and-investment tell us about whether globalization is a zero-sum phenomenon between developing and developed countries
- ☐ **Understand supply chains and the globalization of manufacturing and assembly.**
 - ☐ Describe the ratio of benefits to costs of globalization
 - ☐ Describe the role of Investment Promotion Agencies
 - ☐ Describe the creation of supply chains and the globalization of manufacturing and assembly through Foreign Direct Investment (FDI)
 - ☐ Explain how developing countries participate in ever more sophisticated supply chains into developed country markets and how developing countries create backward linkages from foreign investors to local firms, with more value-added at home
 - ☐ Explain the impact of the supply chains and the globalization of manufacturing and assembly through Foreign Direct Investment (FDI) has on developed and developing countries

GOOD JOBS, BAD JOBS & WAGE INEQUALITY – WEEK 3: OCTOBER 15-21

- ☐ **Understand the concepts of protectionism, collective action and free riders, wage inequality and skill-biased technological change, and the four trends in manufacturing in the developed world.**
 - ☐ Define protectionism, collective action, free riders, and skill-biased technological change
 - ☐ Identify the four trends in manufacturing and the importance of manufacturing jobs in the developed world
 - ☐ Determine whether the growth of manufacturing and assembly in emerging markets comes at the expense of growth, welfare, and jobs in developed countries
 - ☐ Explain whether trade liberalization leads to an increase in total employment, a decrease in total employment, or neither
 - ☐ Describe what standard trade models predict about the impact of trade liberalization on wage inequality
 - ☐ Describe the impact of trade and foreign direct investment liberalization on the number of jobs in the economy
 - ☐ Explain the impact of trade expansion on the kinds of jobs in the economy, and associated wages
 - ☐ Recognize the limitations of models in relation to empirical evidence
 - ☐ Explain why the impact of trade and foreign investment liberalization should be evaluated on the basis of the quality of jobs (i.e., jobs with higher compensation) rather than on the number of jobs

OCTOBER 1, 2013 – NOVEMBER 26, 2013

INDUSTRIAL POLICY, UNFAIR PRACTICES & TRADE DEFICITS – WEEK 4: OCTOBER 22-28

- ☐ **Determine the causes of trade deficits and surpluses and the impact of industrial policies.**
 - ☐ Identify the causes of balance of payments, trade deficits, or trade surpluses
 - ☐ Identify ways a country can use to correct a deficit
 - ☐ Evaluate the implications of a trade deficit
 - ☐ Examine the role of decline in a country's currency and unfair trade practices in relation to trade deficit
 - ☐ Explain the pros and cons of industrial policy, sophisticated industrial policy, and strategic trade policy

INWARD FDI: BENEFITS, COSTS & NATIONAL SECURITY THREATS – WEEK 5: OCTOBER 29-NOVEMBER 4

- ☐ **Explain the impact of inward Foreign Direct Investment and foreign acquisitions of firms on National Security.**
 - ☐ Identify three national security threats related to inward Foreign Direct Investment (FDI).
 - ☐ Describe how foreign acquisitions of firms influence national security

OUTWARD FDI: RUNAWAY PLANTS OR DOMESTIC OPPORTUNITIES? – WEEK 6: NOVEMBER 5-11

- ☐ **Explain the dynamics of outsourcing and offshoring by multinationals and the relationship to jobs.**
 - ☐ Define and differentiate offshoring and outsourcing
 - ☐ Describe the impact of outward Foreign Direct Investment and the globalization of Research and Development on developed countries
 - ☐ Explain the evidence behind the truth of runaway plants and the "Great Sucking Sound"

POLICIES TO STRENGTHEN A DEVELOPED COUNTRY – WEEK 7: NOVEMBER 12-18

- ☐ **Prescribe U.S. policies to remain competitive in a globalized world and ways to cushion the negative impact of globalization.**
 - ☐ Examine policies that could make a country more competitive
 - ☐ Recommend policies for adoption to prepare the U.S. to benefit fully from the globalization of trade, investment, and technology, and dampen the costs, cushion, compensate, and retrain the losers

COURSE WRAP-UP – WEEK 8: NOVEMBER 19- 26, 2013

If you are planning to get a Certificate, all graded activities have to be submitted by November 26 at 9:00 EDT/13:00 UTC.